

California Public Utilities Commission
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Comments of the California Alliance for Community Energy

The California Alliance for Community Energy unites individuals and organizations committed to supporting and defending Community Choice energy programs in California for the environmental, economic, and social justice benefit of our communities. We appreciate the opportunity to comment in response to the Commission's October 30 "Informal Workshop on California Customer Choice".

- 1 Community Choice is the best way to meet state policy targets.** Even though most operational Community Choice programs are less than two years old, the majority have already made strategic commitments that reflect their commitment to exceed State targets in many key areas. The close relationship between the Community Choice program and local lawmakers is valuable in achieving these objectives:
 - 1.1** California's emphasis on decarbonization is unique. California policy has set decarbonization as a goal. Community Choice programs have already gone further and demonstrated more capacity to decarbonize electricity, transportation and buildings, than any other electricity market participant. Community Choice programs are practicing a "clean, thoughtful transition", all driven by and accountable to their communities.
 - 1.2** Community Choice programs are already exceeding State RPS and greenhouse gas reduction targets. Virtually all Community Choice programs offer default products that exceed the IOU's offerings in renewable energy content. Cal-CCA has tracked investment totally more than \$1B to date in new renewable energy contracts.
 - 1.3** Community Choice programs are already moving to decarbonize the transportation sector. Sonoma Clean Power and Lancaster Choice Energy have already launched innovative initiatives to incentivize customer participation in electric buses, EV charging and EV purchases.
 - 1.4** Community Choice programs are already incorporating local resiliency into their short- and long-term planning. The most recent examples come from MCE and Sonoma Clean Power – there Community Choice program managers are helping to rebuild recent fire damage while ensuring resiliency and rapid recovery from future disasters. In Placer County, Pioneer Community Energy expects to launch with a commitment to utilizing local biomass as a means of prospectively addressing the community's fire risks.
 - 1.5** Community Choice programs are more flexible, responsive and customer-centric than the monopoly utilities. In their short history, Community Choice programs have proven themselves more innovative and nimble than any IOU. With Community Choice programs managing procurement and distributed energy resource programs through a variety of strategies and partnerships, customers enjoy greater security via Community Choice than the "here today, gone tomorrow" history of LSEs in the deregulated markets of Illinois, Texas and California in the 1990's.

- 2 **The focus on “Retail Choice” is misplaced.** Rather, the appropriate question is “What is the best way to meet Californians’ needs and realize the State’s policy objectives?”
 - 2.1 **California electricity customers are not clamoring for “retail choice”.** Community Choice customers value choice, yet do so within the framework of the other local, social, environmental and economic benefits that Community Choice programs have proven able to deliver.
 - 2.2 **On their own, residential customers don’t engage in “retail choice”.** Presenters 10/31 attested that levels of residential engagement (e.g., in the United Kingdom and even Texas) are actually quite low, lower than anticipated. Residential customers have small amounts to gain financially from switching and few resources to understand and navigate the market.
 - 2.3 **Many stakeholders urged great caution.** California has been down this “retail choice” road before, at great cost. Many voices 10/31 expressed skepticism about the rush to open markets further, and about whether any change is needed at all.
- 3 **Customer Choice is best achieved through Community Choice.** The most successful remnant of the California deregulation experiment is captured in the flexibility allowed jurisdictions to create their own choice districts. We believe this “California Model” of electricity choice has provided both the level of choice and the other system benefits required for an optimal system.
 - 3.1 **Community Choice allows optimal customer choice.** Within Community Choice programs, the customers who want choices have them, yet within a framework that ensures stable, possibly lower rates, transparency, customer service and support, adequate reliability and long-term planning *and* a mechanism to buffer customers against unanticipated price shocks. In jurisdictions that have not yet experienced public interest in additional choice, the current legislative framework allows a community’s elected leaders to pursue that option when community support reaches a threshold level.
 - 3.2 **Community Choice has already been the choice of nearly three million California customers.** The nine Community Choice programs operating now serve 1.2 million and an additional 1.9 million customers will be covered by Choice programs launching in 2018. In each case, the Community Choice program has been formed because the community, speaking through its elected representatives, has affirmatively chosen to do so.
- 4 **Community Choice programs are ready to accept and fulfill obligations to ensure system reliability and integrity.**
 - 4.1 **Provider of Last Resort (POLR).** During the 10/31 workshop, Jan Pepper, CEO of Peninsula Clean Energy, spoke to the willingness of Community Choice programs to take on POLR obligations as municipal utilities have long done.
 - 4.2 **System-wide Integrated Resource Planning.** CCAs already participate in the current system of integrated resource planning, albeit in a manner consistent with obligations to their governing boards. If the Commission determines that changes are needed to the IRP process to ensure system-wide efficiency, the Community Choice programs are ready to participate.
 - 4.3 **Paying our “fair share” is a principle.** The IOUs are organizing statewide to claim that “someone is not paying their fair share”, even while the CPUC proceeding continues to determine what is “fair”. States with deregulated markets have treated stranded costs as a

“one-time” cost, by determining a transparent final accounting of “stranded” value. These costs are then allocated --once and for all --to the market participants. The point: stranded costs must come to an end. Once customers have exercised their choice and communities have given the notice to launch, IOUs should not be allowed to accumulate charges for contracts and assets they have over-procured for these accounts.

- 4.4 Access for new entrants.** Innovative technology and product developers spoke 10/31 about the data access they need before they will introduce new products into California. Data access remains a barrier to new product innovation and is being addressed by Community Choice programs. Community Choice programs are also striking partnerships with innovative product companies, as Lancaster Choice Energy has done with BYD Industries, bringing clean electric buses and a new employer into the City of Lancaster.
- 4.5 Enriched Processes.** Some commenters have opined that, with more and more players in every proceeding (pointing to the growing numbers of Community Choice programs), the volume, length and complexity of regulatory proceedings is getting even worse. Community Choice advocates counter that having more voices and more diverse perspectives at the table is a good thing. Each Community Choice community has its own complexion of demographics, load, issues and imperatives. Enabling all of these voices, whether directly or through Cal-CCA, provides a richer debate, a more fulsome exploration of the options, and better, more customer-centric solutions. Which is, we contend, the point.

Conclusion

The “California Model” of choice is evolving carefully and at customer request – as customers vote via their community leaders to launch Community Choice programs. Both residential and commercial customers can exercise choice through their Community Choice programs. Any perceived issues should be fixed through present and future proceedings, with the expanding pool of Community Choice programs fully participating. Though the landscape is complex, it is not broken, and treating it as such would risk a self-fulfilling prophesy.

Sincerely,

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California Alliance for Community Energy